



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	SB0149	Title:	Revise use of Xanthopoulos building
Primary Sponsor:	Tash, B.	Status:	As Introduced

- | | | |
|--|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input checked="" type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008</u> <u>Difference</u>	<u>FY 2009</u> <u>Difference</u>	<u>FY 2010</u> <u>Difference</u>	<u>FY 2011</u> <u>Difference</u>
Expenditures:				
General Fund	\$4,832,316	\$4,828,740	\$4,641,293	\$4,641,293
State Special Revenue	\$0	(\$224,000)	(\$224,000)	(\$224,000)
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance	<u>(\$4,832,316)</u>	<u>(\$4,828,740)</u>	<u>(\$4,641,293)</u>	<u>(\$4,641,293)</u>

Description of Fiscal Impact:

Provide funding for the Secure Treatment and Examination Program (STEP). The Xanthopoulos building on the Warm Springs Campus will be renovated to meet the security and mental health and/or addiction treatment needs of offenders who have been charged with and/or convicted of criminal acts and who have been placed into the custody of the Department of Corrections or Public Health and Human Services by court order. In addition, the receiving hospital will be renovated to accommodate offenders in the WATCH DUI program, currently housed in the Xanthopoulos building. The goal is to move these individuals into the least restrictive setting possible given their individual sentencing restrictions.

Expenditures will pay for the staffing, training, operations, equipping, and safety and security enhancements to this facility, which is scheduled to be operational by December 2008.

FISCAL ANALYSIS

Assumptions:

Department of Public Health and Human Services

1. Provide funding for the Secure Treatment and Examination Program (STEP). The renovation of the Xanthopoulos building on the Warm Springs Campus will provide a secure treatment facility for the target population in accordance with the applicable safety and protection standards.
2. The building is expected to house up to 120 participants when it opens in December 2008. The receiving hospital on the campus will be renovated to accommodate the WATCH DUI program (Maximum 200 participants), which is currently housed in the Xanthopoulos building.
3. FY2008 general fund monies totaling \$832,316 will provide \$450,000 for safety and security enhancements, \$332,316 to equip, and \$50,000 to train personnel.
4. FY2009 funding totaling \$3,028,740 will provide for 41.69 FTE at a total cost of \$2,287,930(November 1, 2008 start date, or 67% of the year), \$674,810 for operations (seven months, or 58.33% of the year), and \$66,000 to pay debt service costs for leases for computers, copiers, and vehicles. This funding is made up of \$3,252,740 in general fund dollars, and a reduction of state special revenue funds received from the Department of Corrections of \$224,000. The annualized number of FTE is 62.5, for a total annual cost of \$3,417,473. Annualized operating costs are \$1,157,820, with debt service totaling \$66,000 annually.
5. 62.5 new FTE will be hired, with another 59 existing FTE at the Montana State Hospital being reallocated to the STEP program.
6. The fiscal impact reflects the additional funding required to accommodate the additional participants. The other budget necessary to operate the program is included in the present law base budget request for the Montana State Hospital. Effective October 1, 2008, the hospital will allocate current staff and operating budget to the operation of the STEP facility. These costs include 59 FTE for an annual cost of \$3,250,169 and operating costs of \$967,433 for prescription drugs, supplies, and contracted services, for a grand total of \$4,217,602. Prorated costs for the nine month period in FY2009 (October 2008 to June 2009) would total \$3,163,201(\$2,437,627 personnel and \$725,574 operating). The hospital is currently budgeted at and serving 48 of the 60 individuals to be accommodated.
7. This proposal is a joint collaborative effort between the Department of Corrections and the Department of Public Health and Human Services to share resources including professional expertise and training, facilities, and data collection to meet the specific needs of the target population.
8. Extensive staff training is necessary to operate this facility. Planned expenditures for training are \$50,000 in FY2008 and \$100,000 in FY2009. These costs are included in assumptions #3 and #4 listed above.
9. This program will provide heightened security and treatment for those patients who have been criminally charged and/or convicted and sentenced to the Department of Corrections or the Department of Public Health and Human Services for examination, treatment, incarceration, or custody.
10. The STEP program will include provision of appropriate treatment and rehabilitative services to address the psychiatric illnesses and substance use disorders of the target offender population while learning life skills, which are essential for fostering recovery.

Department of Corrections

11. DOC currently pays \$224,000 annually for maintenance at the WATCH DUI program. DPHHS will assume this cost if the forensic program moves into the Xanthopoulos building.
12. This new program would house 120 individuals, 60 mentally ill offenders under DOC supervision and 60 mentally ill forensic patients under DPHHS supervision.

13. Costs for this program will be assumed by DPHHS. However the 60 available DOC beds will be backfilled with offenders from county jails and other locations offsetting any per diem savings.

Architecture and Engineering

14. This fiscal note addresses capital improvements at the Montana State Hospital. Fiscal impacts associated with furnishing and operating the Xanthopoulos Building and Receiving Hospital will be provided by DPHHS and DOC.
15. HB 5 appropriates \$5,800,000 to renovate the Receiving Hospital so the WATCH program can relocate from the Xanthopoulos Building to the Receiving Hospital and to improve security and systems in the Xanthopoulos Building.
16. The Receiving Hospital renovations will cost \$5.1 million and Xanthopoulos Building improvements will cost \$700,000.
17. The Xanthopoulos Building was constructed in 1988 in compliance with Building Code requirements for a secure treatment program and will continue with the same occupancy. The applicable code for review under Section 2 of SB 149 will be the code under which the Xanthopoulos Building was originally constructed.
18. For the purposes of the fiscal note the expenditures are shown as general fund. HB 5 transfers general fund to the Long Range Building capital project fund (05) and then expenditures are recorded from the Long Range Building fund. The net result is the same as shown in the fiscal note.

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>				
Department of Public Health and Human Services				
FTE	0.00	41.69	62.50	62.50
<u>Expenditures:</u>				
Personal Services	\$0	\$2,287,930	\$3,502,910	\$3,590,483
Operating Expenses	\$382,316	\$674,810	\$1,186,766	\$1,216,435
Equipment	\$450,000	\$0	\$0	\$0
Transfers	\$0	\$66,000	\$66,000	\$66,000
TOTAL Expenditures	<u>\$832,316</u>	<u>\$3,028,740</u>	<u>\$4,755,675</u>	<u>\$4,872,917</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$832,316	\$3,252,740	\$4,979,675	\$5,096,917
State Special Revenue (02)	\$0	(\$224,000)	(\$224,000)	(\$224,000)
TOTAL Funding of Exp.	<u>\$832,316</u>	<u>\$3,028,740</u>	<u>\$4,755,675</u>	<u>\$4,872,917</u>
<u>Revenues:</u>				
State Special Revenue (02)	\$0	(\$224,000)	(\$224,000)	(\$224,000)

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>				
Department of Corrections				
<u>Expenditures:</u>				
Operating Expenses	\$0	(\$224,000)	(\$224,000)	(\$224,000)
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	(\$224,000)	(\$224,000)	(\$224,000)

Architecture and Engineering

<u>Expenditures:</u>				
Operating Expenses	\$4,000,000	\$1,800,000	\$0	\$0
<u>Funding of Expenditures:</u>				
General Fund (01)	\$4,000,000	\$1,800,000	\$0	\$0

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>				
Total All Agencies				
FTE	0.00	41.69	62.50	62.50
<u>Expenditures:</u>				
Personal Services	\$0	\$2,287,930	\$3,502,910	\$3,590,483
Operating Expenses	\$4,382,316	\$2,250,810	\$962,766	\$992,435
Equipment	\$450,000	\$0	\$0	\$0
Transfers	\$0	\$66,000	\$66,000	\$66,000
TOTAL Expenditures	\$4,832,316	\$4,604,740	\$4,531,676	\$4,648,918
<u>Funding of Expenditures:</u>				
General Fund (01)	\$4,832,316	\$4,828,740	\$4,755,676	\$4,872,918
State Special Revenue (02)	\$0	(\$224,000)	(\$224,000)	(\$224,000)
TOTAL Funding of Exp.	\$4,832,316	\$4,604,740	\$4,531,676	\$4,648,918

<u>Revenues:</u>				
State Special Revenue (02)	\$0	(\$224,000)	(\$224,000)	(\$224,000)

<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$4,832,316)	(\$4,828,740)	(\$4,755,676)	(\$4,872,918)
State Special Revenue (02)	\$0	\$0	\$0	\$0

Technical Notes:

1. Passage of SB 149 requires appropriation of construction funds in HB 5. If SB 149 does not pass then the appropriation in HB 5 is not needed. It is recommended that consideration be given to coordinating language between HB 5 and SB 149.
2. Section 6: 53-1-209, MCA, was enacted by the 2001 legislature. The programs proposed for the Xanthopoulos Building will be administered by the Montana State Hospital and it may be more appropriate to revert ownership to DPHHS. Buildings generally do not have their use established by statute. Consider striking 53-1-209, MCA, in its entirety or reverting ownership back to DPHHS in some other manner.

Sponsor's Initials

Date

Budget Director's Initials

Date